



# Idaho Soil Conservation Commission

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## IDAHO SOIL CONSERVATION COMMISSION

### Budget Hearing and Commission Meeting

**Thursday, May 20, 2010**

Natural Resource Conservation Service - USDA

USDA Conference Room

9173 West Barnes Drive, Suite C

Boise, Idaho 83709

8:00 a.m. MDT

### APPROVED MINUTES

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#### COMMISSION MEMBERS PRESENT:

J. Morgan Evans

Bill Flory

Joe Davidson

Dwight Horsch

Dick Bronson

#### COMMISSION STAFF PRESENT:

Sara Schmidt

Kristin Magruder

Bill Lillibridge

Lance Holloway

#### PARTNERS AND GUESTS PRESENT:

Harriet Hensley

Wayne Newbill

Ken Stinson

Kari Schwendiman

Lori Ringel

Joyce Smith

Karma Bragg

Kit Tillotsen

David Ascuena

Dennis Tanikuni

Dar Oberding

Bonnie Butler

Scott Koberg

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1 Meeting was called to order by Chairman J. Morgan Evans at 8:01 a.m.

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3 Welcome and review of agenda followed.

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5 Evans turned the floor over to Sara Schmidt, Idaho Soil Conservation Commission  
6 Administrator.

7  
8 **RULEMAKING DISCUSSION AND PUBLIC INPUT**  
9

10 Schmidt described the overview of rulemaking and the benefits of temporary rulemaking for  
11 the district allocation issue. There has been excellent feedback from some of the districts  
12 regarding district allocations.

13  
14 Discussion about the memo regarding Discussion Draft for Allocation of Funds to Districts.

15  
16 Discussion began with proposed definitions of Local Units of Government. It was noted that  
17 there are many different entities that might be considered local units of government and the  
18 question was posed as to how broad or narrow the definition should be. Recommendations  
19 included adopting a broad definition to allow the most flexibility to the districts. There was also  
20 discussion about the historical use of matching funds and the differences between a local unit  
21 of government versus an organization. It was suggested that only matching funds from  
22 organizations that are organized for public purposes and dedicated to conservation work  
23 should be considered.

24  
25 Further suggestions included documenting in-kind services with a letter that clarifies the value  
26 of those services and describing different services provided by third parties that could be  
27 counted as match. Historically, districts only claimed in-kind match from counties and cities  
28 because that was the directive of commission staff at the time. Very few districts have claimed  
29 anything other than city or county cash contributions.

30  
31 There was discussion about the various ways in which county commissioners contribute funding  
32 to the districts, i.e., contributions for general operations versus contributions for services e.g.,  
33 mosquito abatement contracts or water districts contributing funds for specific conservation  
34 projects within the district. There was general consensus that services contributing to the  
35 general operation of districts should be considered for match-not services designated for  
36 special projects benefitting the contributing entity.

37  
38 There are also issues related to distribution of funding between districts e.g., districts with  
39 endangered species or water quality priorities generally receive more matching funds than  
40 other districts. Concerns were also raised about the importance of supporting proactive  
41 districts.

Schmidt clarified that the overall consensus of those present appeared to favor including only city and/or county government in the definition of local units of government, as has been the practice historically.

There was considerable discussion about accounting difficulties as districts attempt to document all donated time or money or services e.g., whether to count donated office space as in-kind. Concerns were raised about a broad rule that would allow claiming in-kind services that are on the fringe of what is really acceptable overall.

Schmidt recommended drafting the temporary rule to focus on local units of government and leaving the issue of "organizations" for more in depth consideration during negotiated rule making.

Schmidt will draft two or three versions of rule sections that address how services are defined and documented for review and discussion.

It was also noted that many of the legislators who will be reviewing new rules will not have an indepth understanding of district operations and therefore, it will be important to carefully consider all of the issues and strive to support the success of all districts.

Evans tabled the discussion on rulemaking to introduce Bonnie Butler from the Office of the Governor.

Bonnie Butler, Office of the Governor, discussed the application process for the commissioner selection coming up on July 1, 2010. Ms. Butler reminded everyone that districts can nominate individuals and that individuals can submit applications with or without district support. Ms. Butler advised that the Governor's office is giving considerable thought to the selection process and noted that this is especially important in light of the fact that the Governor will be appointing an entirely new Commission. There is no limit on how many people can be nominated from a geographical area. The Governor will be considering geographical representation as a priority for selection. The Lt. Governor has been asked to assist with this process and review the applications.

Evans thanked Ms. Butler for her time and called for a ten minute break at 9:30 a.m.

The meeting was reconvened at 9:46 a.m.

#### Items Required from Districts and Timelines

As a result of the recently passed amendments to statute, districts will be held to the same audit requirements as other government entities. A question was posed as to whether there will be any financial accountability for districts with no statutory audit requirement. Discussion followed. Ms. Schmidt advised that the Legislative Services Office (LSO) does conduct a financial review of local units of government to make sure that they are meeting the minimum

requirements. There was further discussion about how to ensure financial accountability without establishing an overly burdensome process for the Commission and district staff.

Discussion then focused on whether there is statutory authority to require financial accountability from the districts that don't have an audit requirement. A suggestion was made that a minimum financial review could be required by rule. It was also noted that legislators were sensitive to the cost of an audit to small agencies.

Further suggestions for accountability including a biennial financial review for districts under \$100,000 and quarterly reporting of finances or using the Idaho Counties Risk Management Program (ICRMP) model of good governance to model the reporting.

Schmidt suggested an incentive-based program rather than a punitive-based system. Discussion followed.

It was noted that the Commission should be the liaison between the districts and the legislature for compiling information and documenting how state dollars were used and projects completed throughout the year.

Wayne Newbill, Acting Directory for the Idaho Association of Soil Conservation Districts (IASCD) proposed that districts continue with the report of accomplishments, quarterly financial reporting, and biennial financial reviews for districts under \$100,000. Discussion followed. It was suggested that a proposal to require financial reporting from districts should come from the districts and not the Commission. Further discussion focused on the the conservation partnership and need for accountability if the partnership is to function properly and efficiently. It was suggested that such a policy should come from the districts to confirm their support and recommended that this should be a focus for discussion at the IASCD conference.

Schmidt suggested that the draft rule should be consistent with the statutory requirements, but if the stakeholders support additional reporting requirements, they can testify in the formal rulemaking hearing.

Discussion continued regarding timelines for gathering information and developing a consensus among the districts in regards to rulemaking.

**Horsch moved for the chair to appoint a committee of districts to organize and suggest language for the rule to discuss financial accountability for all districts not covered under statutory audit requirements. Davidson seconded. Discussion followed. Bronson moved to amend the motion to strike 'appoint a committee' and insert 'request that if IASCD and the districts wish to go above and beyond the statutory requirements that they appoint a committee to review the issue and bring that request to the Commission'. Horsch seconded to amend the motion. Amended passed unanimously. Motion passed as amended.**

130 Five-Year Plans

131 It was noted that the antidegradation rules require districts to complete a Five-Year Plan and  
132 provide updates each year in order to receive matching funds. There was general support for  
133 this requirement.

134  
135 Letters of Intent

136 Newbill believes that requiring the districts to get letters of intent from their local units of  
137 government helps to keep the districts involved in county and city business and is an excellent  
138 planning tool.

139  
140 Schmidt will reference letters of intent in the draft language. May 31<sup>st</sup> of each year was  
141 suggested as a deadline. There was discussion about the timing of county budget hearings.  
142 Harriet Hensley, Deputy Attorney General, noted that there is no statutory requirement for or  
143 reference to letters of intent relative to district allocations and recommended including this  
144 concept in policy not rule.

145  
146 Receipt of Funds

147 The question was raised concerning the window of time during which reports should be  
148 submitted to the commission documenting receipt of county and city funds during the previous  
149 fiscal year. Discussion followed about timing of county fiscal year versus state fiscal year.  
150 Consensus was reached that 30 days should be sufficient for the districts to report to the  
151 commission. There was also discussion about the benefits of staggered deadlines throughout  
152 the year to districts.

153  
154 **IDAHO DISTRICT EMPLOYEES ASSOCIATION (IDEA) FUNDING REQUEST**

155  
156 Karma Bragg, IDEA President, presented a request to fund district education efforts. The  
157 proposal involves developing a scholarship program to provide transportation for students to  
158 attend various educational conservation contests throughout the state, given the reduction in  
159 school budgets for transportation. The request was based on \$1,000 per district and IDEA will  
160 finance the staffing budget to implement this program. Total request is \$51,000. Bragg does  
161 not want this funding request to compete with district allocations, but if Division of Financial  
162 Management (DFM) does not approve the roll down request for district funding, then IDEA is  
163 requesting full funding for this program. The Commission will take this request under  
164 advisement for the upcoming teleconference.

165  
166 Future Meeting Dates

167 The conference call for a special meeting to review the Memorandum of Understanding (MOU)  
168 with Dept of Admin can be scheduled within 24 hours. Remaining issues will need to be  
169 scheduled for regular Commission meetings.

170  
171 Schmidt advised that she wants districts to have 6-8 weeks to provide feedback on the draft  
172 temporary rule.

174 Next Commission meeting was scheduled for Wednesday, August 11, 2010. Time and location  
175 to follow.

176  
177 **Horsch moved to adjourn the meeting. Bronson seconded. Motion passed unanimously.**  
178 **Meeting adjourned at 11:46 a.m.**

179  
180 Respectfully submitted,

181  
182 Joe Davidson  
183 Commissioner and Secretary,  
184 Idaho Soil Conservation Commission